Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

UNCLASSIFIED

PAGE 01 LONDON 05841 01 OF 02 172341Z

60
ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 NEA-09 IO-10

OPIC-06 INRE-00 SSO-00 NSCE-00 USIE-00 FEA-01 AGR-10

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 PRS-01 SP-02

OMB-01 /142 W
---------- 063427
O R 171728Z APR 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 0310
INFO AMEMBASSY CANBERRA
AMEMBASSY LA PAZ
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY BOGOTA
AMEMBASSY SAN JOSE
AMEMBASSY SANTO DOMINGO
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY ADDIS ABABA
AMEMBASSY ACCRA
AMEMBASSY GUATEMALA
AMEMBASSY CONAKRY
AMEMBASSY PORT AU PRINCE
AMEMBASSY TEGUCIGALPA
AMEMBASSY NEW DELHI
AMEMBASSY JAKARTA
AMEMBASSY KINGSTON
AMEMBASSY NAIROBI
AMEMBASSY MONROVIA
AMEMBASSY MEXICO
AMEMBASSY MANAGUA
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 05841 01 OF 02 172341Z

AMEMBASSY YAOUNDE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

AMEMBASSY BANGUI
AMEMBASSY COTONOU
AMEMBASSY LIBREVILLE
AMEMBASSY ABIDJAN
AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
AMEMBASSY LIMA
AMEMBASSY ALGIERS
AMEMBASSY KIGALI
AMEMBASSY DAR ES SALAAM
AMEMBASSY CARACAS
AMEMBASSY LAGOS
USMISSION GENEVA

UNCLAS SECTION 01 OF 02 LONDON 05841

C O R R E C T E D C O P Y - HEADING: ACTION/INFO ADDEES

E.O. 11652: N/A
TAGS: OCON, UK, ETRD
SUBJ: COFFEE: FINANCIAL TIMES ARTICLE RE PESSIMISTIC
OUTLOOK FOR COFFEE IN BRAZIL

REF: LONDON 4669

REPRODUCED BELOW IS THE TEXT OF A NEWS ITEM, DATELINED RIO DE JANEIRO, APRIL 16, BY DAVID WHITE, WHICH APPEARED IN THE APRIL 17 EDITION OF THE FINANCIAL TIMES. THE ARTICLE IS OF INTEREST SINCE IT APPEARED DURING THE MOST CRUCIAL SERIES TO DATE OF THE WORKING GROUP (WG) MEETINGS NEGOTIATION OF A NEW INTERNATIONAL COFFEE AGREEMENT (ICA); THE SERIES GOT UNDERWAY IN LONDON ON APRIL 14. A JOINT PROPOSAL FOR A NEW ICA WAS FORMALLY PUT FORWARD TO THE WG BY BRAZIL AND COLOMBIA ON APRIL 14 (FLOATED IN OUTLINE FORM IN MARCH), BUT SO FAR SEEMS TO HAVE GENERATED LITTLE ENTHUSIASM AMONG OTHER COFFEE PRODUCERS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 05841 01 OF 02 172341Z

2. TEXT FOLLOWS:
IT MAY BE A MATTER OF MONTHS BEFORE THE NEW INTERNATIONAL COFFEE AGREEMENT IS FINALISED, ASSUMING THAT THE PRESENT NEGOTIATIONS SUCCEED, AND LONGER BEFORE IT GOES INTO EFFECT. BUT THE GOVERNMENT HERE HAS ACKNOWLEDGED THAT THE PACT WILL INEVITABLY BE BASED ON CURRENT PRICES AND ON A REDUCED BRAZILIAN STAKE IN THE WORLD MARKET.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

THE GOVERNMENT HAS GIVEN NO GROUND TO PRODUCERS'
DEMANDS FOR A FURTHER INCREASE IN MINIMUM SUPPORT
PRICES PAID BY THE BRAZILIAN COFFEE INSTITUTE, ALTHOUGH
MANY PRODUCERS NOW CLAIM THAT THESE HAVE BEEN OVERTAKEN
BY PRODUCTION COSTS. THE AUTHORITIES STILL MAINTAIN
THAT THE WEAK PRICES WILL BE OFFSET BY THE SIZE OF THE
1974-75 HARVEST, WHICH IS EXPECTED TO BE ALMOST TWICE
LAST YEAR'S 14M. BAGS.

SPIERS

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 05841 02 OF 02 171754Z

51
ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 NEA-09 IO-10

OPIC-06 INRE-00 SSO-00 NSCE-00 USIE-00 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01

/141 W
---------- 058648
O R 171728Z APR 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 0311
INFO AMEMBASSY CANBERRA
AMEMBASSY LA PAZ
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY BOGOTA
AMEMBASSY SAN JOSE
AMEMBASSY SANTO DOMINGO
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY ADDIS ABABA
AMEMBASSY ACCRA
AMEMBASSY GUATEMALA

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

AMEMBASSY CONAKRY
AMEMBASSY PORT AU PRINCE
AMEMBASSY TEGUCIGALPA
AMEMBASSY NEW DELHI
AMEMBASSY JAKARTA
AMEMBASSY KINGSTON
AMEMBASSY NAIROBI
AMEMBASSY MONROVIA
AMEMBASSY MEXICO
AMEMBASSY MANAGUA
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 05841 02 OF 02 171754Z

AMEMBASSY YAOUNDE
AMEMBASSY BANGUI
AMEMBASSY COTONOU
AMEMBASSY LIBREVILLE
AMEMBASSY ABIDJAN
AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
AMEMBASSY LIMA

UNCLAS SECTION 02 OF 02 LONDON 05841

SR. SEVERO GOMES, THE INDUSTRY AND COMMERCE MINISTER, SAID RECENTLY BRAZIL NOW HAD TO SELL ITS COFFEE "IN THE BEST MANNER POSSIBLE' AND NO LONGER HAD THE MEANS TO BUOY UP PRICES. "WHAT MATTERS IS THAT WE REVERT TO A SELLING POLICY. WE WILL SELL MORE CHEAPLY IF THE MARKET HAS A LOWER PRICE."
THIS STATEMENT PROVOKED AN UPROAR OF PROTESTS, HELPED ALONG BY CAMPAIGNS IN SEVERAL MAJOR NEWSPAPERS, TO THE EFFECT THAT THE PRESENT GOVERNMENT AND THE IBC ADMINISTRATION OF SR. CAMILLO CALAZANS WERE GIVING PRODUCERS THE FINAL LET-DOWN.
BRAZIL'S CHANGE OF MIND ABOUT HOW TO GET THROUGH THE PRESENT DEPRESSION MAY BE PARTLY ATTRIBUTABLE TO A FRUSTRATED ATTEMPT AT PRICE INTERVENTION IN MAY LAST YEAR, WHEN THE BRAZILIANS ARE REPORTED TO HAVE FINANCED THE PURCHASE OF OVER 1M. BAGS ON THE NEW YORK MARKET. ACCORDING TO THE REPORTS, THE OPERATION, WHICH HAD LITTLE EFFECT, WAS AGREED WITH EL SALVADOR, MEXICO AND OTHER PRODUCERS, BUT LEFT BRAZIL TO PAY FOR A LARGE QUANTITY OF COFFEE SHIPPED TO A WAREHOUSE IN TRIESTE.
THE PRICE BRAZIL OBTAINED FOR ITS COFFEE HAS SLIPPED WORLDWIDE COFFEE PRODUCTION THIS YEAR AT 79.5M. BAGS, WHICH MEANS THAT, ALTHOUGH BRAZIL REMAINS THE LARGEST PRODUCER, ITS SHARE IS STILL DECLINING. IN 1973, ALTHOUGH IT EXPORTED NEARLY 20M BAGS, ITS SHARE OF THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

MARKET DROPPED TO 31 PER CENT FROM 34 PER CENT,
ACCORDING TO GOVERNMENT STATISTICS. TEN YEARS BEFORE
ITS SHARE WAS 40 PER CENT.
UNCLASSIFIED

UNCLASSIFIED

PERHAPS THE MOST IMPORTANT INDICATION OF BRAZIL'S
CHANGING POSITION IS THAT COLOMBIA TOOK OVER BRAZIL'S
POSITION AS NO. 1 SUPPLIER TO THE U.S. LAST YEAR. THE
OTHER LANDMARK LAST YEAR WAS THAT COFFEE CEASED TO BE
BRAZIL'S MAIN FOREIGN EXCHANGE EARNER. IT LOOKS
UNLIKELY TO REGAIN ITS PLACE OVER SUGAR FOR SOME TIME.
WHILE PRODUCERS ARE BLAMING THE GOVERNMENT FOR NOT
KEEPING UP WITH COSTS AND LETTING PRICES FALL, THE
GOVERNMENT IS BUSY BLAMING PREVIOUS ADMINISTRATIONS
FOR UNDERMINING BOTH THE MARKET AND BRAZIL'S POSITION
IN IT.
ACCORDING TO SR. GOMES, SPECIAL DEALS GRANTED TO
FOREIGN IMPORTERS IN THE BOOM YEAR OF 1973, AFTER THE
COLLAPSE OF THE INTERNATIONAL AGREEMENT, SOMETIMES LEFT
TO AN AVERAGE OF $63 A BAG OR 47.7CENTS A POUND, WHICH
IS $11 BELOW LAST YEAR'S LEVEL AND NEARLY $5 LESS THAN
IN 1973. THE OMENS FOR FOREIGN EXCHANGE EARNINGS FROM
COFFEE THIS YEAR--AT A TIME WHEN BRAZIL IS ANXIOUS TO
IMPROVE ITS TRADE BALANCE--ARE NOT ENCOURAGING. THE
MOST OPTIMISTIC ESTIMATE IS SLIGHTLY SHORT OF $900M.,
COMPARED WITH $984M. LAST YEAR. THE 1973 FIGURE OF
$1.34BN. IS SUBJECT TO SOME DISPUTE, SINCE THE PRESENT
AUTHORITIES CLAIM THAT THIS DOES NOT SHOW "SECRET..
DISCOUNTS GIVEN TO FAVOURED CLIENTS TO THE ORDER OF
$200M.
EVEN IN VOLUME, IT WILL BE ONE OF THE POOREST YEARS
ON RECORD. LAST YEAR, WITH A HARVEST OF 14M. BAGS,
BRAZIL EXPORTED 16M., MAKING UP THE REST FROM STOCKS.
THIS YEAR, WITH AN EXPECTED HARVEST OF 27M. BAGS, IT
IS UNLIKELY TO EXPORT MORE THAN 13M., AND FIGURES FOR
CONTRACTS SO FAR--7.94M. BAGS INCLUDING SOLUBLE COFFEE
BETWEEN JULY LAST YEAR AND THE END OF FEBRUARY--SUGGEST
SOMETHING CLOSER TO 12M., WHICH IS WELL SHORT OF THE
TRADITIONAL EXPORT QUOTA OF 18M. BAGS.
THE U.S. DEPARTMENT OF AGRICULTURE CALCULATES
PRICES BELOW THOSE OF AFRICA.
"THESE DEALS WERE SUPPOSED TO BE SECRET," SR. GOMES
SAID. "BUT THE FIRST THING A BUYER DOES IN COLOMBIA
IS TO TAKE ALONG THE BRAZILIAN DOCUMENT AND SHOW IT TO
A COLOMBIAN SELLER IN ORDER TO GET A SIMILAR DEAL
THERE." END TEXT.
UNCLASSIFIED

UNCLASSIFIED

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

SPIERS

UNCLASSIFIED

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, PRESS COMMENTS, INTERNATIONAL ORGANIZATIONS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON05841
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750135-0557
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750442/aaaabnce.tel
Line Count: 280
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 LONDON 4669
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2003 by SilvaL0>; APPROVED <29 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE: FINANCIAL TIMES ARTICLE RE PESSIMISTIC OUTLOOK FOR COFFEE IN BRAZIL
TAGS: OCON, ETRD, UK, (WHITE, DAVID)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006